

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF LOUISVILLE GAS AND)	
ELECTRIC COMPANY AND KENTUCKY)	
UTILITIES COMPANY FOR REVIEW,)	
MODIFICATION, AND CONTINUATION OF)	CASE NO.
EXISTING, AND ADDITION OF NEW, DEMAND-)	2014-00003
SIDE MANAGEMENT AND ENERGY)	
EFFICIENCY PROGRAMS)	

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION TO
LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY

Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities Company ("KU") (collectively the "Companies"), pursuant to 807 KAR 5:001, are to file with the Commission, pursuant to the electronic filing procedures set out in 807 KAR 5:001, Section 8, their responses to the following information, with a copy to all parties of record. The information requested herein is due on or before March 31, 2014. The Companies shall file, pursuant to 807 KAR 5:001, Section 8(12)(a)2, the original in paper medium no later than the second business day following the electronic filing.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and

accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

The Companies shall make timely amendment to any prior response if they obtain information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which the Companies fail or refuse to furnish all or part of the requested information, they shall provide a written explanation of the specific grounds for their failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Refer to the response to Item 4 of Commission Staff's First Request for Information (Staff's First Request").

a. Define "accumulated rate class energy savings" and provide the time period over which such savings are accumulated.

b. Explain how the 5,165 MWh energy saving in 2015 for the Residential Audit program was determined and whether a similar methodology was used for all other programs for 2015.

c. Explain how the 12,312 MWh energy saving for 2013 and the 12,370 MWh energy saving for 2014 were determined for the KSBA, and explain why there are no savings for 2015.

d. Explain how the (409,297) Ccf gas saving was determined and why the saving is negative.

e. Explain why there are no negative lost sales for rate class LGE-CGS.

2. Refer to the attachment to the response to Item 6 of Staff's First Request. Also, refer to ordering paragraph 5 in the Order of Case No. 2013-00242¹ and Appendix A, Section 1.3 of the Settlement Agreement, Stipulation and Recommendation in the Order in Case No. 2012-00221.² Explain why KU is requesting a 10.50 percent return on equity when a 10.25 percent return on equity was found to be reasonable in Case Nos. 2013-00242³ and 2012-00221.⁴

3. Refer to the attachment to the response to Item 11 of Staff's First Request. Also, refer to ordering paragraph 5 in the Order of Case No. 2013-00243⁵ and Appendix A, Section 1.3 of the Settlement Agreement, Stipulation and Recommendation in the Order in Case No. 2012-00222.⁶ Explain why LG&E is requesting a 10.50

¹ Case No. 2013-00242, *An Examination by the Public Service Commission of the Environmental Surcharge Mechanism of Kentucky Utilities Company for the Two-year Billing Period ending April 30, 2013* (Ky. PSC Nov. 14, 2013).

² Case No. 2012-00221, *Application of Kentucky Utilities Company for an Adjustment of its Electric Rates* (Ky. PSC Dec. 20, 2012).

³ Case No. 2013-00242, *Kentucky Utilities Company* (Ky. PSC Nov. 14, 2013).

⁴ Case No. 2012-00221, *Kentucky Utilities Company* (Ky. PSC Dec. 20, 2013).

⁵ Case No. 2013-00243, *An Examination by the Public Service Commission of the Environmental Surcharge Mechanism of Louisville Gas and Electric Company for the Two-Year Billing Period Ending April 30, 2013* (Ky. PSC Nov. 14, 2013).

⁶ Case No. 2012-00222, *Application of Louisville Gas and Electric Company for an Adjustment of its Electric and Gas Rates, a Certificate of Public Convenience and Necessity, Approval of Ownership of Gas Service Lines and Risers, and a Gas Line Surcharge* (Ky. PSC Dec. 20, 2012).

percent return on equity when a 10.25 percent return on equity was found to be reasonable in Case Nos. 2013-00243⁷ and 2012-00222.⁸

4. Refer to the response to Item 24 of Staff's First Request, page 7 of the Program Year 2010 and 2011 Evaluation Report for LG&E's and KU's Demand Side Management ("DSM") Programs ("Evaluation Report"), Section 1.2.4, Portfolio Level Recommendations, which states:

Going forward, Navigant recommends establishing internal review metrics and Quality Control (QC) mechanisms for the information stored within the recently launched EE OPS database.

A systematic QC review of the database on a regular basis is imperative to ensure that missing or incomplete records are minimized, and that data is represented accurately/consistently.

It should be noted that this process is currently being developed by LG&E/KU. The QC system developed by LG&E/KU includes a data reconciliation process, for example, to ensure that records submitted by program implementation contractors align with LG&E/KU's own records.

- a. Describe in detail the process currently being developed by the Companies.
- b. Explain how the process being developed by the Companies is different from the process currently used by the Companies.
- c. Provide the estimated cost of the process being developed by the Companies and the Companies' plan for cost recovery.

⁷ Case No. 2013-00243, *Louisville Gas and Electric Company* (Ky. PSC Nov. 14, 2013).

⁸ Case No. 2012-00222, *Louisville Gas and Electric Company* (Ky. PSC Dec. 20, 2013).

5. Refer to the response to Item 24 of Staff's First Request, pages 7-13 of the Evaluation Report, Section 1.3, Program Specific Findings and Recommendations. Navigant Consulting Inc. ("Navigant") provides findings and recommendations for various programs. Explain which Navigant recommendations the Companies plan to initiate.

6. Refer to the response to Item 38 of Staff's First Request. Explain how assessments and on-site audits that are no longer being offered by the Companies are to be incentivized.

7. Refer to Item 8 of the response to the Attorney General's Initial Data Requests which states, "Customers will not be able to access AMS data in real time."

a. Explain what would be required for customers to be able to access advanced metering system ("AMS") data in real time.

b. Explain whether customers who participate in a prepay metering program receive real-time information.

c. If the answer to part b. is yes, explain the difference between customer access to information in a prepay metering program versus customer access to AMS data.

d. Provide a description of the type of meter and associated equipment, along with the itemized cost of the AMS, to be used in the Companies' proposed AMS.

8. Refer to Item 1 of the response to the First Requests for Information of Association of Community Ministries, Inc. ("ACM").

a. Provide, in Excel electronic format, the name of the associated community or communities and county, for each of the Zip codes listed.

b. Provide, in Excel electronic format, the total expenditures for DSM/EE programs for the residential class for each of the Zip codes. Include any incentives paid to the customer or a third party.

9. Refer to chart in Item 17 of the response to the First Requests for Information of ACM. Provide, in Excel electronic format, the total expenditures shown in the chart by Zip code.

10. Refer to the response to Item 15 of the Wallace McMullen and Sierra Club's Initial Request for Information, which states, "Based on a residential-customer survey conducted by Navigant, saturation levels for homes with roughly 40 sockets are approximately 20 and 15 percent for LG&E and KU, respectively."

a. By company, explain how kWh savings are determined for the Companies, whether by number of compact florescent light bulbs mailed to each residential customer's home (assuming all bulbs mailed are placed into lighting sockets), 20 percent saturation level for LG&E and 15 percent saturation level for KU, or some other methodology.

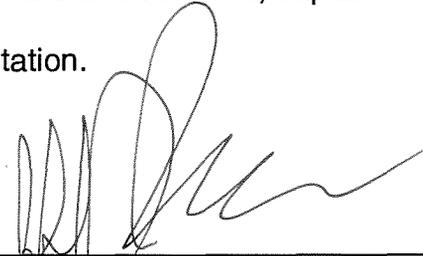
b. Explain how the methodology used in response to part a. translates to how revenues for the residential DSM lighting programs are calculated.

11. a. By company and program, provide the number of actual participants or participation equivalents for 2011-2013.

b. By company and program, provide the number of proposed participants or participation equivalents for 2014-2018.

12. By company and DSM component, provide the proposed DSM factors for the various rate schedules for 2016-2018.

13. Explain whether the proposed rates filed by the Companies in this proceeding will be the same rates, with the exception of the DSM Balance Adjustment (DBA), that are to be effective January 1, 2015. If the answer is no, explain what rates will be proposed and provide supporting documentation.



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